

AR19

The Canada Iron Companies

Annual
Report
1960

Canada Iron

foundries, limited

HEAD OFFICE: 921 SUN LIFE BUILDING, MONTREAL, P.Q.

DIRECTORS

D. W. AMBRIDGE, C.B.E.,
President,

Abitibi Power & Paper Co. Ltd., Toronto, Ont.

C. W. CARRY,
President,

C. W. Carry Ltd., Edmonton, Alta.
Calgary Structural Steel Ltd., Calgary, Alta.

ROSS CLARKSON,*
Chairman of the Board,

The Royal Trust Company, Montreal, Que.

C. L. GUNDY,
President,

Wood, Gundy & Co. Ltd., Toronto, Ont.

SIDNEY HOGG,
President,

Western Bridge & Steel Fabricators Ltd., Vancouver, B.C.

J. G. KIRKPATRICK,
Partner,

Howard, Cate, Ogilvie, Bishop, Cope, Porteous & Hansard,
Montreal, Que.

H. J. LANG,*
President,

Canada Iron Foundries, Limited, Montreal, Que.

A. D. MCCALL,*
President,

Drummond, McCall & Co. Ltd., Montreal, Que.

H. E. McKEEN,*
Vice-President,

Canada Iron Foundries, Limited, Montreal, Que.

D. I. McLEOD,

McLeod, Young, Weir & Co. Ltd., Toronto, Ont.

J. M. PRITCHARD,
Chairman of the Board,

Texaco Canada Ltd., Montreal, Que.

T. F. RAHILLY,*
Chairman of the Board,

Canada Iron Foundries, Limited, Montreal, Que.

F. S. SHERMAN,*
Chairman of the Board,

Dominion Foundries & Steel Ltd., Hamilton, Ont.

*members of the Executive Committee

REGISTRAR

THE ROYAL TRUST COMPANY,
Montreal, Toronto, Halifax, Winnipeg, Vancouver

TRANSFER AGENT

MONTREAL TRUST COMPANY,
Montreal, Toronto, Halifax, Winnipeg, Vancouver

CORPORATE OFFICERS

T. F. RAHILLY, *Chairman of the Board*
H. J. LANG, *President*
ROSS CLARKSON, *Vice-President*
H. E. McKEEN, *Vice-President*
T. P. BOYLE, *Treasurer and Controller*
W. D. MONCUR, *Secretary*

The Canada Iron Companies

CANADA IRON FOUNDRIES, LIMITED — (Operating Company)

R. K. CARTY, *Vice-President and General Manager*

C. W. CARRY LTD. — Edmonton

CALGARY STRUCTURAL STEEL LTD. — Calgary

C. W. CARRY, *President*

DOMINION STRUCTURAL STEEL LIMITED — Montreal

E. L. HARTLEY, *President*

PRESSURE PIPE LIMITED — Montreal

P. M. DRAPER, *President*

RAILWAY & POWER ENGINEERING CORPORATION, LIMITED — Toronto

C. M. LOVSTED & COMPANY (CANADA) LIMITED — Vancouver

PAPER MACHINERY LIMITED — Montreal

PAPER MILL EQUIPMENT LIMITED — Montreal

H. A. GLENN, *President*

TAMPER LIMITED — Lachine

D. J. LaFontaine, *President*

WESTERN BRIDGE & STEEL FABRICATORS LIMITED — Vancouver

SIDNEY HOGG, *President and Managing Director*

Report of the Board of Directors to the Shareholders for the year ended 31st December, 1960

SALES

Consolidated Sales of the Canada Iron Companies for the year ended December 31, 1960 at \$101,346,000, although the second largest in the history of the Company, were \$4,366,000 below the record achieved in 1959. This break in the continuous growth in total sales since 1952 was to be expected as volume fell off and price levels were depressed in keeping with the general slowdown in economic conditions during the year.

Reduced activity in the municipal and railway business accounted for a drop in sales of iron castings in the foundry division. The output of prestressed concrete products improved and new developments in mobile track maintenance equipment gained favourable customer acceptance. The largest decline in sales volume occurred in the structural steel divisions, particularly in Ontario and Quebec; however, the operations in British Columbia showed a substantial gain over the results of recent years.

PROFITS AND DIVIDENDS

Operating profits of the Company and its Subsidiaries totalled \$6,857,105 for the twelve months ended December 31, 1960. After deducting provisions for depreciation, interest on funded debt, income taxes and other expenses, the consolidated net profit amounted to \$1,736,264. These earnings in relation to investment are not as satisfactory as should be expected but compare very favourably with results in 1959.

After paying dividends of \$181,709 on the $4\frac{1}{4}\%$

Preferred Shares, net earnings amounted to \$1.92 per share on the 809,874 outstanding Common Shares. The corresponding earnings in 1959 after preferred share dividends of \$187,108 were \$0.34 per share.

As a result of 1959 earnings and an appraisal of current business conditions, your Directors reduced the amount of the quarterly dividend payable on the Common Shares of the Company. Accordingly, dividends distributed to the holders of Common Stock were as follows: first quarter at the rate of $37\frac{1}{2}\text{¢}$ per share followed by three dividends of 25¢ per share; a total of $\$1.12\frac{1}{2}$ per share during the year compared with \$1.50 per share during 1959.

As reported last year, 1959 non-profitable operations in Dominion Structural Steel Limited were responsible for the large reduction in the consolidated net earnings of the companies. In 1960 however, this subsidiary company earned a profit and contributed to the significant increase in the earnings. A substantial portion of the amount of loss which occurred in Dominion Structural Steel Limited during 1959 is still available to apply against future earnings of this Company before additional income taxes must be paid in accordance with the provisions of the Income Tax Act.

WORKING CAPITAL

The net working capital at year-end was \$17,583,989, an increase of \$587,319 during the fiscal period. This was mainly due to capital expenditures being substantially less than the allowance for depreciation.

FINANCES

The total funded debt of the Company at December 31, 1960 was \$12,266,500, a reduction of \$910,500 during the year. Bank loans less credit cash balances decreased \$3,919,869 from the previous year-end. The total indebtedness decreased \$4,830,369 over the twelve-month period.

A total reduction of \$2,777,263 in Accounts Receivable and Inventories during the year was attained. This was attributable not only to the reduction in sales volume during the last quarter of 1960 but also to better control over operations.

FIXED ASSETS

As there was no immediate requirement to increase production capacity, capital expenditures in 1960 for new plant and equipment were considerably less than in previous years. Expenditures were confined to projects for improvement in operating procedures and modernization of equipment in order to reduce manufacturing costs. Capital expenditures incurred during the year amounted to \$1,417,626 while provision for depreciation in the same period was \$2,266,468. The estimated cost of capital projects already authorized at year-end for completion early in 1961 totalled \$1,140,650. Included in this amount was a substantial sum for the modernization of cast iron pressure pipe manufacturing facilities.

PERSONNEL

Mr. T. F. Rahilly, who had served as President and Chairman of Canada Iron Foundries, Limited since 1953, resigned as President and continued as Chairman of the Board of Directors. Mr. H. J. Lang was elected a Director on July 21, 1960 and President of the Company on September 1, 1960.

Mr. M. S. Grogan, after forty-two years' service with the Company retired on pension from the office of Vice-President and Secretary-Treasurer. Mr. T. P. Boyle was appointed Treasurer and Controller

and Mr. W. D. Moncur was appointed Secretary of the Company.

FUTURE OUTLOOK

The backlog of orders at year-end was 14% lower than at the beginning of the year. New orders booked during the first two months of 1961 have been in keeping with the reduced tempo of general business activities.

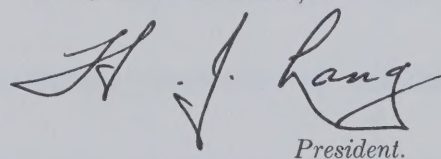
Sales of foundry products in 1961 are expected to be lower than last year. The demand for ingot moulds and gray iron castings have been affected by the reduced activity in the basic steel industry and a large order for cast iron tunnel liners for the Toronto Transit Commission subway will be completed by mid-year.

The estimated total sales of structural steel, concrete pipe and prestressed concrete products, indicate no significant change from last year although individual product lines show substantial variations. The outlook for a good volume of railway track maintenance equipment both domestic and export is encouraging.

The policy of diversification of products, which was established by your Company, is expected to minimize the adverse effects of decreased demand in certain markets; however, price competition remains very severe in most areas. Product development and the elimination of certain unprofitable products are receiving constant attention.

The Directors wish to express their appreciation to the Officers and all the Staff of the Canada Iron Companies for their splendid co-operation and efficient service during the year.

On behalf of the Board,



H. J. Lang

President.

MONTREAL, 20th March, 1961.

Financial

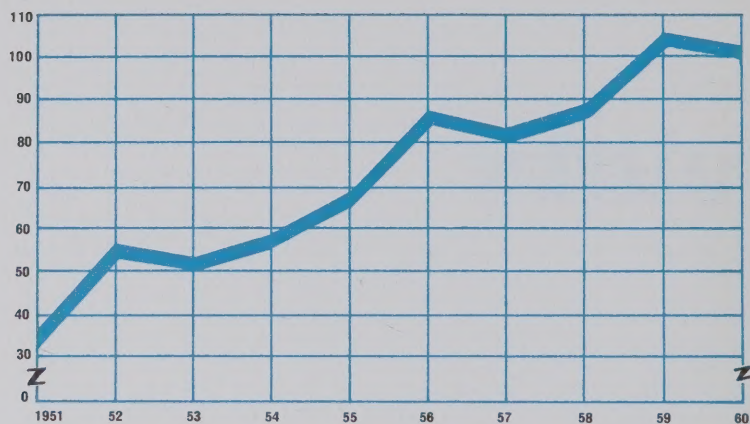
	1960	1959	1958
SALES	\$101,346,000	\$105,712,000	\$ 88,255,000
NET EARNINGS AMOUNT PER COMMON SHARE	\$ 1,736,264 \$1.92	\$ 463,635 \$0.34	\$ 2,454,980 \$2.84
DIVIDENDS ON COMMON SHARES AMOUNT PER SHARE	\$ 911,108 \$1.12½	\$ 1,209,089 \$1.50	\$ 1,136,600 \$1.50
DIVIDENDS ON PREFERRED SHARES	\$ 181,709	\$ 187,108	\$ 205,300
INCOME TAXES	\$ 1,724,587	\$ 1,790,140	\$ 2,226,630
INVENTORIES	\$ 21,897,166	\$ 23,157,895	\$ 26,735,750
WORKING CAPITAL	\$ 17,583,989	\$ 16,996,670	\$ 21,156,920
CAPITAL EXPENDITURES	\$ 1,417,626	\$ 4,690,931	\$ 2,284,317
NUMBER OF EMPLOYEES	5,172	5,421	5,045
NUMBER OF COMMON SHAREHOLDERS	4,850	4,712	4,725
NUMBER OF PREFERRED SHAREHOLDERS	950	880	1,073
NUMBER OF COMMON SHARES OUTSTANDING	809,874	809,874	793,210

Review

1957	1956	1955	1954	1953	1952	1951
85,277,000	\$ 86,766,000	\$ 67,487,000	\$ 58,976,000	\$ 52,651,000	\$ 54,662,000	\$ 48,031,000
2,484,188 \$3.15	\$ 4,383,919 \$5.94	\$ 2,593,554 \$3.71	\$ 2,359,752 \$3.38	\$ 1,645,363 \$3.41	\$ 1,751,655 \$3.63	\$ 1,732,966 \$3.94
1,079,500 \$1.50	\$ 1,056,994 \$1.50	\$ 890,938 \$1.27½	\$ 708,903 \$1.20	\$ 579,330 \$1.20	\$ 553,530 \$1.20	\$ 527,730 \$1.20
207,236	\$ 159,375	—	—	—	—	—
2,302,475	\$ 3,793,800	\$ 2,187,000	\$ 2,320,000	\$ 1,526,750	\$ 2,006,000	\$ 2,013,617
27,439,802	\$ 21,957,354	\$ 13,908,444	\$ 10,425,931	\$ 7,689,618	\$ 7,981,379	\$ 7,043,527
21,447,432	\$ 19,805,794	\$ 13,649,746	\$ 13,667,920	\$ 10,167,403	\$ 9,077,674	\$ 7,945,438
7,805,263	\$ 2,886,627	\$ 2,114,897	\$ 1,479,264	\$ 1,436,453	\$ 3,231,676	\$ 646,219
4,859	5,251	4,590	4,200	4,150	4,100	3,450
4,860	4,998	5,130	5,104	3,940	3,984	3,905
1,125	1,275	—	—	—	—	—
722,254	711,475	698,775	698,775	482,775	482,775	439,775

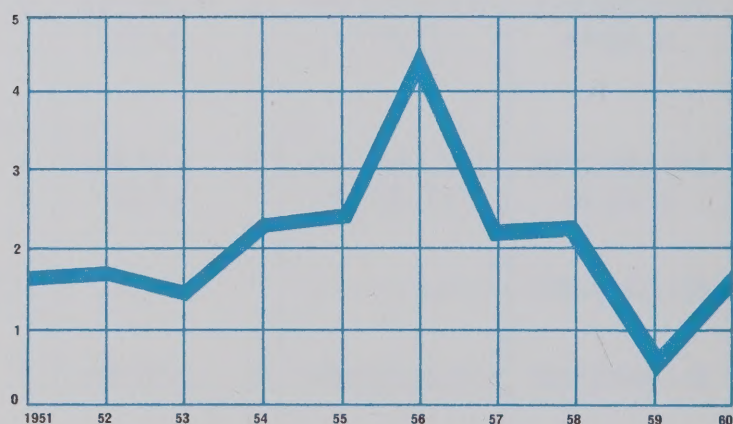
SALES

IN MILLIONS OF DOLLARS



NET EARNINGS

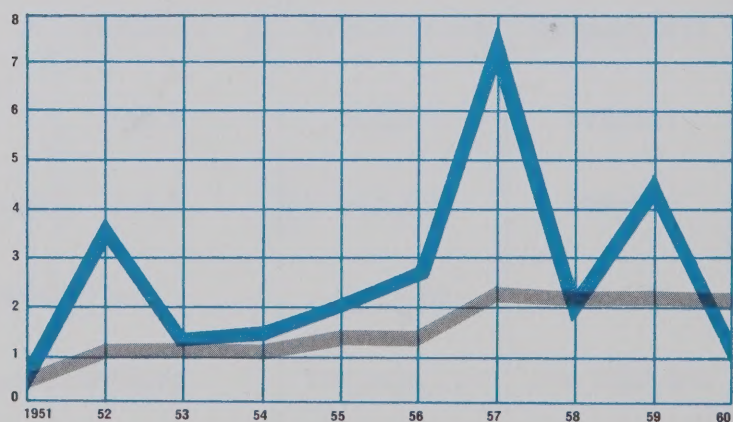
IN MILLIONS OF DOLLARS



CAPITAL EXPENDITURES

IN MILLIONS OF DOLLARS

CAPITAL EXPENDITURE 
DEPRECIATION 



MCDONALD, CURRIE & CO.

CHARTERED ACCOUNTANTS

COOPER BROTHERS & CO.

CHARTERED ACCOUNTANTS

COOPERS & LYBRAND

CANADA, UNITED KINGDOM, UNITED STATES OF AMERICA, MEXICO,
BELGIUM, FRANCE, GERMANY, THE NETHERLANDS, ITALY, SWITZERLAND,
AUSTRALIA, NEW ZEALAND, IRAN, MALAYA, SINGAPORE,
UNION OF SOUTH AFRICA, CENTRAL, EAST AND WEST AFRICA

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN
CHARLOTTETOWN HALIFAX RIMOUSKI SHERBROOKE HAMILTON
KITCHENER WINNIPEG EDMONTON CALGARY VANCOUVER

TELEPHONE
VICTOR 9-8311

CABLE ADDRESS
"CURMAC"

507 PLACE D'ARMES
MONTREAL 1
QUEBEC, CANADA

February 14, 1961

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Canada Iron Foundries, Limited and subsidiary companies as at December 31, 1960 and the consolidated statements of earnings and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. The consolidated financial statements incorporate figures in respect of certain subsidiary companies which have been reported on by other auditors.

In our opinion, based upon our examination and the reports of other auditors, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of earnings and retained earnings are properly drawn up so as to exhibit a true and correct view of the consolidated state of the affairs of the companies as at December 31, 1960 and the consolidated results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

MCDONALD, CURRIE & CO.

McDonald, Currie & Co.

CHARTERED ACCOUNTANTS

Assets

	1960	1959
Current Assets		
Cash	376,294	364,954
Government and government guaranteed bonds—at cost (quoted market value \$575,000)	659,766	673,941
Accounts receivable, less provision for doubtful accounts	20,516,662	22,033,196
Inventories—at the lower of cost or market	21,897,166	23,157,895
Prepaid expenses.	305,764	424,899
Total current assets	<u>43,755,652</u>	<u>46,654,885</u>
 Investment in Other Companies		
Shares—at cost	<u>786,200</u>	<u>794,700</u>
 Fixed Assets		
Property, plant and equipment—at cost.	41,963,402	40,684,363
Accumulated depreciation	23,293,412	21,165,531
	<u>18,669,990</u>	<u>19,518,832</u>
 Unamortized Debenture Discount	<u>335,822</u>	<u>367,852</u>
	 <u><u>\$63,547,664</u></u>	 <u><u>\$67,336,269</u></u>

Approved on behalf of the Board:

T. F. RAHILLY
H. J. LANG } Directors.

Balance Sheet

(with comparative figures for 1959)

Liabilities

	1960	1959
Current Liabilities		
Bank advances	14,017,666	17,926,195
Accounts payable and accrued liabilities	10,355,270	9,660,942
Dividends payable January 1961	247,896	349,130
Income taxes	605,831	811,948
Funded debt maturing within one year	945,000	910,000
Total current liabilities	<u>26,171,663</u>	<u>29,658,215</u>
Funded Debt —not maturing within one year (see schedule)	11,321,500	12,267,000
Minority Interest —preferred shares of a subsidiary company	99,840	99,840
Total liabilities	<u>37,593,003</u>	<u>42,025,055</u>

SHAREHOLDERS' EQUITY

Preferred Shares

Authorized: 100,000 preferred shares of \$100 par value

Issued and fully paid: 42,755 $4\frac{1}{4}\%$ cumulative convertible redeemable preferred shares 1956 series	4,275,500	4,275,500
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Common Shares

Authorized: 2,000,000 common shares of \$10 par value

Issued and fully paid: 809,874 common shares (see note)	8,098,740	8,098,740
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Retained Earnings	13,580,421	12,936,974
	<u>25,954,661</u>	<u>25,311,214</u>
	<u>\$63,547,664</u>	<u>\$67,336,269</u>

NOTE: The company has reserved 128,265 common shares for issuance against the exercise of the conversion privilege of the $4\frac{1}{4}\%$ cumulative convertible redeemable preferred shares 1956 series.

Canada Iron

foundries, limited

Consolidated Statement of Earnings

For the Year Ended December 31, 1960 (with comparative figures for 1959)

	1960	1959
Sales	\$101,346,000	\$105,712,000
Profit from Operations , before the following	6,857,105	5,774,716
Remuneration of executive officers including executive officers of subsidiaries who are directors of the parent company	354,450	335,695
Directors' fees	19,600	17,950
Legal fees	42,832	29,215
Pension fund, past service	—	101,401
Interest on funded debt	730,030	781,522
Amortization of debenture discount	29,396	29,396
Depreciation of property, plant and equipment	2,266,468	2,319,885
	<u>3,442,776</u>	<u>3,615,064</u>
	3,414,329	2,159,652
Other Income		
Income from investments	51,514	63,521
Profit on disposal of fixed assets	—	37,494
	<u>3,465,843</u>	<u>2,260,667</u>
Provision for Income Taxes	1,724,587	1,790,140
	<u>1,741,256</u>	<u>470,527</u>
Minority Interest —Preferred dividends paid by a subsidiary company	4,992	6,892
Net Earnings for the Year	<u>\$1,736,264</u>	<u>\$463,635</u>

Consolidated Statement of Retained Earnings

For the Year Ended December 31, 1960 (with comparative figures for 1959)

	1960	1959
Balance at beginning of year	12,936,974	13,411,421
Net earnings for the year	1,736,264	463,635
Premium received on issue of common shares	—	458,115
	<u>14,673,238</u>	<u>14,333,171</u>
Dividends—		
On 4¼% preferred shares	181,709	187,108
On common shares	911,108	1,209,089
	<u>1,092,817</u>	<u>1,396,197</u>
Balance at end of year	<u>\$13,580,421</u>	<u>\$12,936,974</u>

Schedule of Funded Debt

As at December 31, 1960 (with comparative figures for 1959)

	1960	1959
Canada Iron Foundries, Limited		
4% Serial debentures, series "A", due \$350,000 on December 15, 1957 to 1960	1,400,000	
Redeemed to date	1,400,000	350,000
4¾% Sinking fund debentures, series "A", due December 15, 1965	3,500,000	3,500,000
Sinking fund requirements—\$400,000 on December 15, 1961 to 1964.		
5¾% Sinking fund debentures, series "B", due April 15, 1969	1,652,000	
Sinking fund requirements—\$70,000 on April 15, 1958 to 1965, \$272,000 on April 15, 1966 to 1968.		
Redeemed to date	210,000	1,512,000
6¼% Sinking fund debentures, series "C", due October 15, 1977	7,500,000	
Sinking fund requirements—\$375,000 on October 15, 1958 to 1976.		
Redeemed to date	1,125,500	6,750,000
	11,316,500	12,112,000
Tamper Limited		
4½% note due December 31, 1960	—	115,000
Western Bridge and Steel Fabricators Limited		
5½% Serial debentures, due \$100,000 on January 31, 1961 to 1969, \$50,000 on January 31, 1970	950,000	950,000
	\$12,266,500	\$13,177,000
Funded Debt		
Maturing within one year	945,000	910,000
Not maturing within one year	11,321,500	12,267,000
	\$12,266,500	\$13,177,000



**CANADA IRON FOUNDRIES,
LIMITED**

Head Office: 921 Sun Life Building, Montreal, Que.
Plants: New Glasgow, N.S.; Trois Rivières, Que.; Toronto, Ont. (2);
Hamilton, Ont. (2); St. Thomas, Ont.; St. Boniface, Man.
Sales Offices: Quebec, Que.; Montreal, Que.; Toronto, Ont.; St. Thomas,
Ont.; Calgary, Alta.; Vancouver, B.C.



**CALGARY STRUCTURAL
STEEL LTD.**

Head Office, Plant and Sales Office: 223-53 Avenue S.E., Calgary, Alta.



C. W. CARRY LTD.

Head Office, Plant and Sales Office: 10530—103 Street, Edmonton, Alta.



**DOMINION STRUCTURAL
STEEL LIMITED**

Head Office: 6894 Clanranald Ave., Montreal 29, Que.
Plants: Dartmouth, N.S.; Montreal, Que.; Rexdale, Ont.; Ottawa, Ont.;
St. Boniface, Man.
Sales Offices: Dartmouth, N.S.; Quebec, Que.; Ottawa, Ont.; Rexdale,
Ont.; St. Boniface, Man.



**C. M. LOVSTED (CANADA)
LIMITED**

Head Office: 320 Dominion Square Building, Montreal, Que.
Sales Office: Vancouver, B.C.



PAPER MACHINERY LIMITED

Head Office and Sales Office: 320 Dominion Square Building, Montreal,
Que.



**PAPER MILL EQUIPMENT
LIMITED**

Head Office and Sales Office: 320 Dominion Square Building, Montreal,
Que.



PRESSURE PIPE LIMITED

Head Office: 6905 Clanranald Ave., Montreal, Que.
Plants and Sales Offices: Montreal, Que.; Rexdale, Ont.



**RAILWAY & POWER
ENGINEERING
CORPORATION LIMITED**

Head Office: 3745 St. James St. W., Montreal, Que.
Sales Offices and Warehouses: New Glasgow, N.S.; Quebec, Que.; Mont-
real, Que.; Ottawa, Ont.; Toronto, Ont.; Hamilton, Ont.; Noranda,
Que.; North Bay, Ont.; Windsor, Ont.; Sault Ste. Marie, Ont.; Winni-
peg, Man.; Calgary, Alta.; Edmonton, Alta.; Vancouver, B.C.



TAMPER LIMITED

Head Office: 160 St. Joseph St., Lachine, Que.
Plant: Lachine, Que.
Sales Offices: New Glasgow, N.S.; Montreal, Que.; Scarborough, Ont.;
Windsor, Ont.; Winnipeg, Man.; Calgary, Alta.; Edmonton, Alta.;
Vancouver, B.C.



**WESTERN BRIDGE & STEEL
FABRICATORS LIMITED**

Head Office, Plant and Sales Office: 145 West First Ave., Vancouver, B.C.

PRINCIPAL PRODUCTS**MARKETS**

Cast Iron Pipe and Pipe Fittings, Ductile Iron Pipe, Municipal Castings, Sewage Treatment Equipment, Hydrants, Valves, Ingot Moulds, Cast Iron Railway Wheels, Gray Iron and Alloy Castings, Dryer Shells, Mechanical Presses, Steel Mill Equipment, Rubber Mills, General Mechanical Machinery.

Primary and secondary industry, municipalities, transportation, utilities.

Structural Steel, Steel Joists, Reinforcing Steel, Warehouse Steel.

Construction industry.

Structural Steel, Steel Joists, Reinforcing Steel, Warehouse Steel.

Construction industry.

Structural Steel, Steel Joists, Reinforcing Steel, Warehouse Steel, Gantry and Overhead Cranes, Roof Deck, Metal Wall Panel, Insulated Wall Panel, Standard Prefabricated Steel Buildings, Hydraulic Structures—Sluice and Head Gates, Stop Logs, Trash Racks.

Construction industry.

Railway Car Wheels, Brakeshoes and Allied Equipment, Material Handling Equipment, Hydraulic Valves, Fittings, Pumps, Highway Marking and Detection Devices.

Transportation, Logging, Mining and General Industry.

Exclusive Canadian Agent for Kamyr Pulp Sheet Forming, Bleaching and Cooking Equipment; Lundberg Ahlen Pulp Processing Equipment.

Pulp and Paper Industry.

Sales Agency for Barking Drums, Bark Presses, Alloy Clad Digesters, Pulp Screens, Consistency Regulators, Pulp Proportioning Systems.

Pulp and Paper Industry.

Hyprescon Reinforced Concrete Pressure Pipe, Prescon Sewer and Culvert Pipe, Presco Concrete Blocks and Presco Haydite Masonry Units, Prestressed Concrete Structural Shapes.

Municipalities, Construction Industry.

Electric Motor Control Apparatus, Rail, Bus, Truck and Aviation Equipment and Supplies, Pumps, Stainless Steel Products.

Municipalities, Transportation, Mining, Aircraft, General Industry.

Electric Motors, Rotary Electrical Equipment, Railway Track Maintenance Equipment.

Transportation, General Industry.

Structural Steel, Warehouse Steel, Transmission Towers, Stop Logs, Trash Racks.

Construction Industry.

